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## DEPARTMENT OF AUDIT SERVICES

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**Mission:**

To provide independent, objective, assurance and consulting services those facilitate decision-making and enhance the efficiency of government services.

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### PROGRAM DESCRIPTION

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**Audit Services****\$596,205****6 FTEs**

Auditing is an independent appraisal function designed to examine and evaluate activities within the City as a service to management, the Audit Services Oversight Committee, and elected officials. Auditing is a managerial control that measures and evaluates the effectiveness of other controls. External entities are also subject to review to determine whether revenues have been properly remitted to the City and whether grant or pass-through funds are appropriately utilized. The Audit Department conducts financial, compliance, performance, and information systems audits and reviews, and performs investigations and special reviews. The Department is responsible for the administration of external audit contracts.

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### RESOURCE ALLOCATION

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	Actual FY 2003-04	Adopted FY 2004-05	Estimated FY 2004-05	Adopted FY 2005-06	Change
Appropriation					
Personal Services	\$ 445,984	\$ 452,386	\$ 451,549	\$ 456,812	1.0%
Operating	36,102	65,505	51,405	135,403	106.7%
Capital	-	4,000	4,000	3,990	-0.2%
Total Appropriations	\$ 482,086	\$ 521,891	\$ 506,954	\$ 596,205	14.2%
Full Time Equivalents	6	6	6	6	0
Part Time	-	-	-	-	-
Revenues					
Discretionary	\$ 482,086	\$ 521,891	\$ 506,954	\$ 596,205	14.2%
Program	-	-	-	-	-
Total Revenues	\$ 482,086	\$ 521,891	\$ 506,954	\$ 596,205	14.2%

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### BUDGET ISSUES FOR FY 2005-06

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- The Audit Services Department's Personal Services budget increase reflected in the resource allocation table is the result of health and dental benefit increases for current staff.
- Overall operating and capital budgets have increased by \$69,888 as a result of a \$70,000 allocation to cover the City's external independent audit contract. The contract was previously funded in the Finance Department. Other operating and capital budgets decreased by \$112.
- The Audit Services Department anticipates the need to plan for some level of external CPA services, expert consulting, and/or temporary audit staffing in order to respond to special investigations and other special audit projects upon the request of management, the Audit Services Oversight Committee, and the City Council.

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### UNFUNDED OR UNDERFUNDED ITEMS

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- There are no unfunded items in the department's FY 2005-06 budget.

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### COMPLETED INITIATIVES FOR FY 2004-05

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- Prepared and presented two citywide training modules related to organizational ethics to assist in defining and communicating ethical behavior regarding the City's financial transactions and relationships with customers, vendors, and employees.
- Conducted recruitment and selection of the City's auditor (Independent CPA firm) for the three years ending June 30, 2007.
- Initiated process for the Audit Services Department's external quality control review.
- Provided specific training and resources to assist two city auditors in pursuing certification as a Certified Internal Auditor (CIA) and a Certified Government Audit Professional (CGAP).

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### DEPARTMENT INITIATIVES FOR FY 2005-06

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- Present a citywide training module targeted to city staff accountable for developing, implementing and monitoring internal controls entitled "Implementing Effective Internal Controls."
- Undergo initial external quality control review in accordance with the fourth general standard (Quality Control) of Government Audit Standards.
- Evaluate and continue to develop specific training, career development and certification plans for audit staff.

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### GOALS, OBJECTIVES, & STRATEGIES FOR FY 2005-06

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**GOAL:** *Implementation of the Audit Services Department's Strategic Plan that includes standards set forth by the U.S. General Accounting Office – Yellow Book Audit Standards.*

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**OBJECTIVE:** To effectively communicate audit activities to assist the Audit Services Oversight Committee in fulfilling its oversight responsibilities.

**STRATEGY:** Present an annual audit plan and monthly activity reports to Audit Services Oversight Committee.

<b>MEASURE:</b>	<b>Actual FY 2004</b>	<b>Adopted FY 2005</b>	<b>Estimated FY 2005</b>	<b>Adopted FY 2006</b>
# of activity reports made at meetings of the ASOC	10	10	10	10

**OBJECTIVE:** To maintain and obtain training and certification for staff to meet required professional standards, and to sustain a highly trained professional staff with opportunities for development.

**STRATEGY:** Meet the General Accounting Office's (GAO) Government Auditing Standard (3.6-Continuing Education Requirements) that requires each auditor to complete at least 80 hours of continuing education and training which contributes to the auditor's professional proficiency every two years.

<b>MEASURE:</b>	<b>Actual FY 2004</b>	<b>Adopted FY 2005</b>	<b>Estimated FY 2005</b>	<b>Adopted FY 2006</b>
# of continuing education hours completed by audit staff	216	200	200	200

**OBJECTIVE:** To recognize and communicate the need for ethical behavior regarding City financial transactions and relationships with customers, vendors, and employees.

**STRATEGY:** Develop and present citywide training sessions related to organizational ethics.

<b>MEASURE:</b>	<b>Actual FY 2004</b>	<b>Adopted FY 2005</b>	<b>Estimated FY 2005</b>	<b>Adopted FY 2006</b>
# of employees served by attending training sessions	N/A	40	40	40
% of employees benefited based on evaluation forms	N/A	80%	80%	80%

**OBJECTIVE:** To provide services that help ensure public resources are used in accordance with established laws and regulations and that government services are provided efficiently.

**STRATEGY:** Complete comprehensive audits or reviews and provide useful recommendations for management.

<b>MEASURE:</b>	<b>Actual FY 2004</b>	<b>Adopted FY 2005</b>	<b>Estimated FY 2005</b>	<b>Adopted FY 2006</b>
# comprehensive audits or reviews completed	13	11	11	11
% of recommendations accepted by management	100%	95%	100%	95%